

# THE COTEAU PROPERTIES COMPANY

A SUBSIDIARY OF THE NORTH AMERICAN COAL CORPORATION

## LAND OFFICE


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October 15, 2015



Mr. Jim Deutsch  
Director, Reclamation and Abandoned Mine Lands Divisions  
North Dakota Public Service Commission  
State Capitol Building  
600 East Boulevard Avenue – Department 408  
Bismarck, North Dakota 58505-0480

Dear Mr.  Deutsch:

Revision No. 27 to The Coteau Properties Company's Permit No. NACT-0401 is scheduled to be approved by the North Dakota Public Service Commission at an October 21, 2015, meeting. This Revision includes an update to the Consolidated Bonding Plan and takes into account the revised variable costs provided annually by the Commission in accordance with Policy Memorandum No. 16, Reclamation Cost Estimating Guidelines. The minimum bond amount approved by the Commission is \$143,733,543.00.

Coteau currently maintains Self-Bond No. SB-9501-1 guaranteed by Basin Electric Power Cooperative and Collateral Bond No. CB-9501-7, which cover the entire consolidated bond area for all of Coteau's permits. Coteau plans to increase the bonds as follows:

CURRENT BOND	CURRENT AMOUNT	INCREASE	NEW AMOUNT
SB-9501-1	\$107,100,000	\$24,300,000	\$131,400,000
CB-9501-7	11,900,000	2,700,000	14,600,000
<b>TOTAL</b>	<b>\$119,000,000</b>	<b>\$27,000,000</b>	<b>\$146,000,000</b>

Accordingly, enclosed are the following documents:

1. One original and one copy of Self-Bond Rider to Increase Bond Amount for Bond No. SB-9501-1, which has been executed by Coteau and Basin Electric as third-party guarantor,
2. One original and two copies of Collateral Bond No. CB-9501-8, in the amount of \$14.6 million, which has been executed by Coteau and requires execution by the Commission and the Bank of North Dakota as escrow agent. Furthermore, as stated in Exhibit 1 of this bond, the collateral will be provided via a roll-over of the current collateral bond liability and the provision of an additional \$2,700,000 in collateral by October 20, and

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3. One original and two copies of Collateral Bond Rider to Reduce Bond Area and Amount for Collateral Bond No. CB-9501-7, which has been executed by Coteau and will result in the release of this bond effective October 21, which requires Commission execution.

Commission acceptance of the foregoing is respectfully requested. Furthermore, upon Commission execution, please return a copy of the fully executed Escrow Agreement and the Collateral Bond Rider to Reduce Bond Area and Amount for Coteau's records. The second copy of Bond No. CB-9501-8 and the collateral bond rider may be provided to the Bank of North Dakota for its records.

Sincerely,

THE COTEAU PROPERTIES COMPANY



Lynelle N. Kraft  
Land Analyst

Enc.  
By hand-delivery